

KENTUCKY HEALTH BENEFIT EXCHANGE ADVISORY BOARD

QUALIFIED HEALTH PLANS SUBCOMMITTEE

Meeting Minutes

January 24, 2013

Call to Order and Roll Call

The fifth meeting of the Qualified Health Plans Subcommittee was held on Thursday, January 24, at 11:30 a.m. in the Small Conference Room at the Office of the Kentucky Health Benefit Exchange. Deborah Moessner, Chair, called the meeting to order at 11:30 a.m., and the Secretary called the roll.

Subcommittee Members Present:

Deborah Moessner, Chair; Jeffrey Bringardner (by phone), Julia Costich, Nick D'Andrea (by phone), Dr. Joe Ellis, Carl Felix, Nancy Galvagni, Donna Ghobadi, Dr. Michael Huang (by phone), Dr. Amanda Howell (by phone), Bob McFalls, and Ramona Osborne. Greg Baker, Shelley Gast, Mike Minor, Dr. Andrew Slavik, and Joe Smith were not present at the meeting.

Staff Present:

Lee Barnard, Carrie Banahan, Sharron Burton (DOI), Reina Diaz-Dempsey, Wanda Fowler, William Nold, Vanessa Petrey, Sherilyn Redmon, Melea Rivera, Gary Smith, and D. J. Wasson (DOI).

Approval of Minutes

A motion was made to accept the minutes of the December 20, 2012, meeting as submitted, seconded, and approved by voice vote.

Update on Exchange Approval Activities

William Nold, Deputy Executive Director, Office of the Kentucky Health Benefit Exchange (KHBE), reported that the Kentucky Health Benefit Exchange was conditionally approved by the U.S. Department of Health and Human Services (HHS) to establish a State-based Exchange. No state has been fully approved at this time. The KHBE is working with HHS to obtain full approval. Next week several members of the KHBE staff will be attending a conference in Baltimore with all other conditionally approved states to share information, get input on questions, and learn how other states are addressing similar issues.

HHS held a brief call with the KHBE to explain the process for an individual to request exemption from the individual mandate. The regulations for this process have not been released but are expected soon. The Exchange in each state will facilitate the application for an exemption, but HHS will make the final decision. The HHS determination will be transmitted to the Exchange so that the Exchange may send notice to the individual applicant. The Exchange

will not oversee the decision or appeals of this decision. After discussions with HHS, Kentucky will be posting its Blueprint application on the website.

Qualified Health Plan Administrative Regulation Draft

A draft of the Qualified Health Plan (QHP) administrative regulation was distributed to the members. There is a lot of guidance on qualified health plans that the states do not have at this point. The certification of a qualified health plan will be a joint effort of the Exchange and the Department of Insurance (DOI). A qualified health plan will need to meet all federal requirements and any requirements in the Kentucky Insurance Code that are not preempted by federal law. QHPs would also need to meet any requirements that the Exchange could propose in excess of federal law.

Chairman Moessner commented that the taskforce created at the previous subcommittee meeting was asked to look at the issues surrounding service areas and statewide coverage. The taskforce has not met, but a conference call is being scheduled for February 1, 2013. Chairman Moessner asked that insurers delegate a representative and that other issues from today's meeting could also be discussed in this call. The current taskforce is comprised of Chairman Moessner, Jeffrey Bringardner, Julia Costich, Nick D'Andrea, Carl Felix, Nancy Galvagni, and Ramona Osborne.

The System for Electronic Rate and Form Filing (SERFF) will be the vehicle issuers will use to get their QHPs certified. SERFF has been used by insurers for some time, and this system has been enhanced to aid in the QHP certification process. The draft QHP regulation will require insurers to file through SERFF to obtain QHP certification. The National Association of Insurance Commissioners (NAIC) has proposed March 27, 2013, as the "go-live" date for the enhanced SERFF system.

Mr. Nold noted several items in the proposed regulation for subcommittee feedback including catastrophic plans as a required filing, preventing benefits in excess of Kentucky's essential health benefits benchmark to avoid paying a penalty, and limiting the number of plans by metal level. Members were informed that there would be opportunity for changes to be made through an amendment to the regulation. A member commented that offering fewer plan options at the beginning would be better. Subcommittee members were in agreement regarding limiting the number of plans to a maximum of four QHPs per metal level for each issuer.

A member asked the definition of issuer be clarified to include all the entities under the same corporate umbrella. Regarding the rating areas for QHPs, Mr. Nold stated that the federal regulation proposes a limit of seven areas, but that the state was going to recommend keeping Kentucky's eight established rating areas and to comply with the current process.

The draft QHP administrative regulation timeline for filing of an application, product, and rate is no later than June 1, 2013. This date is a proposal and may change as DOI and the KHBE are still meeting and working out the timelines. The QHP regulation will be filed as an emergency regulation in February 2013.

Future Effective Dates

Subcommittee members discussed the current ability of individuals and insurers to agree upon a future effective date. This is typically used when an individual is aware of a future loss in coverage. A recommendation to allow individuals to request a future effective date of no more than 90 days was proposed and deferred to the taskforce for further consideration.

HHS briefed KHBE staff on the process for a Consumer Oriented and Operated Plan (CO-OP) to be “deemed” certified as a qualified health plan. HHS expects CO-OP plans to be submitted and reviewed through the same process and criteria as other issuer plans. The state Exchange notifies HHS of its recommendation (deemed or not deemed) and HHS will look at state recommendations and take action. HHS has the authority to deem, but is allowing states to review and make recommendations. Sharron Burton, DOI, commented that “deemed” is a confusing term since CO-OP plans will need to go through the same certification process. At this time, the KHBE does not have a lot of information regarding multi-state plans offered through the federal Office of Personnel Management (OPM). However, the “deemed” process for multi-state plans may follow the same state certification process for CO-OP plans, but with the OPM having the final authority to “deem” the multi-state plans.

Qualified Health Plans Inside and Outside of Exchange

At this time, KHBE is not requiring issuers to offer QHPs in the Exchange if the issuer is offering plans outside the Exchange. However, if an insurer offers the same or a similar plan in both markets (inside and outside of the Exchange), the price must be the same. The KHBE does not wish to force participation on the Exchange.

Dental Issues

Dr. Ellis provided an update on the Dental/Vision Subcommittee Taskforce and its discussion regarding dental issues. A chart illustrating the Dental/Vision Taskforce recommendations was provided to the subcommittee members. The Dental/Vision Taskforce suggested that the medical necessity criterion for children’s orthodontia coverage be uniform. The Department of Insurance expressed concerns about defining medical necessity. However, the DOI will consider the recommendations since representatives from the dental community were in support of the uniform definition.

An additional recommendation from the Qualified Health Plans Subcommittee was not deemed necessary by the members since the recommendation had been presented to the Dental/Vision Subcommittee. Members of the Qualified Health Plans Subcommittee expressed support for the Dental/Vision Taskforce recommendations with the caveat the Department of Insurance examine the recommendation and comment on any issues.

The Dental/Vision Taskforce recommended that households with children up to age 21 be required to purchase qualified health plans that include pediatric dental essential health benefits. Based on this requirement, the Exchange must allow QHPs with embedded dental benefits, QHPs without embedded dental benefits, and standalone pediatric dental plans. The taskforce also recommended permitting adult dental plans to be offered on the Exchange and working with DOI to develop uniform medical and dental necessity criteria for pediatric orthodontic benefits. The taskforce further recommended that, if HHS policy regarding the offering of embedded

pediatric dental essential health benefits outside the Exchange changes, then standalone pediatric dental essential health benefits should be allowed to be offered outside the Exchange to meet the essential health benefits standard.

John Weeks asked for clarification regarding the draft QHP administrative regulation provision prohibiting riders on the Exchange. A standalone dental plan would not be a rider so this prohibition would not apply. There is some concern over the Advance Premium Tax Credit (APTC) and cost allocation to the medical and pediatric dental plans if a family dental plan that provides adult dental is offered on the Exchange. There are also challenges in maintaining the same price inside and outside the Exchange and providing dental plans and dental cost information on the Exchange shopping tools.

Other Business

The next meeting of the subcommittee will be held on February 28, 2013, at 11:30 a.m. at the Office of the Kentucky Health Benefit Exchange.

Adjournment

The meeting adjourned at 12:41 p.m.